

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION

UNITED STATES OF AMERICA

AMENDED CRIMINAL COMPLAINT

v.

LIANYU LI,
aka Xiangli Chen,
Jian Liu, Yinji Zhang,
Ying Ji Sun, Jin Zhang,
Xifang Zhang, Shun Zheng,
and Yinji Zhang
JIN HUA DONG,
aka Renyu Cui and
Zong Shu Liu,
MYUNG PAK,
aka Pak Lse Myung,
YOON SAE KIM,
aka Huazi Li, Zhengnan
Jiang, Hua Shan Jin, Gen
Lin, Jishan Tain and
Chengguo Jin

CASE NUMBER: 08 CR 371

FILED

MAY 14 2008

**MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT**

I, the undersigned complainant being duly sworn state the following is true and correct to the best of my knowledge and belief. From on or about January 1, 2008 until on or about May 9, 2008, in the Northern District of Illinois, and elsewhere, defendants did knowingly execute, or attempt to execute, a scheme or artifice to defraud a financial institution, or to obtain money or other property owned by, or under the custody or control of, a financial institution, by means of false or fraudulent pretenses, representations, or promises,

in violation of Title 18 United States Code, Section 1344. I further state that I am a Special Agent of the United States Secret Service and that this complaint is based on the following facts:

Please see attached affidavit.

Continued on the attached sheet and made a part hereof: ☒ Yes ☐ No

X Booker Wright
Signature of Complainant

Sworn to before me and subscribed in my presence,

May 14, 2008 at
Date

Chicago, IL
City and State

Nan Nolan, U.S. Magistrate Judge
Name & Title of Judicial Officer

Nan R. Nolan
Signature Judicial Officer

STATE OF ILLINOIS)
)
COUNTY OF COOK)

AFFIDAVIT

I, BOOKER T. WRIGHT, state as follows:

1. I have been employed as a Special Agent with the United States Secret Service ("USSS") for approximately three years and am currently assigned to the Chicago Field Office, Financial Crimes Squad. As part of my duties I investigate white collar and financial crimes such as identity theft/identity crimes, bank fraud, false identification, access device fraud, counterfeit checks, and forgery.

2. This affidavit is in support of a criminal complaint charging four individuals purporting to be LIANYU LI ("LI"), JIN HUA DONG ("DONG"), MYUNG PAK ("PAK"), and YOON SAE KIM ("KIM") with knowingly executing a scheme to defraud federally insured financial institutions, in violation of Title 18 United States Code, Section 1344. The information in this affidavit is based on my personal knowledge, as well as information provided by other law enforcement agents, bank representatives and other private businesses, and my review of documents obtained during the course of the investigation. The information outlined below is provided for the limited purpose of establishing probable cause and does not contain all details or all facts of which I am aware relating to this investigation.

OVERVIEW OF THE HOME EQUITY LOAN SCHEME

3. During the course of this investigation, USSS agents have determined that LI, DONG, and PAK, with KIM's assistance, are obtaining multiple fraudulent home equity line of credit ("HELOC") loans secured by the same properties from different banks without disclosing to the

banks that they have obtained or are in the process of obtaining additional loans on the same property that well-exceed the equity in the property. Agents have learned that during January 2008, LI applied for and obtained four loans totaling over \$850,000 from four different banks secured by 893 Asbury Lane in Schaumburg, Illinois ("893 Asbury"), and then in late April and early May 2008, LI applied for three loans from three different banks totaling over \$1 million secured by 3421 Sandstone Court, Lake in the Hills, Illinois ("3421 Sandstone Court"). During this same time period, DONG applied for two loans from two different banks within 24 hours of each other totaling \$784,900, secured by 4066 South Lake Park Avenue, Chicago, Illinois ("4066 South Lake Park"). Finally, during March and April 2008, PAK applied for and obtained four HELOC loans totaling \$889,500 from four different banks secured by 1713 South Ashland Avenue, Park Ridge, Illinois ("1713 South Ashland").

BACKGROUND OF THE INVESTIGATION

4. On or about April 15, 2008, USSS was contacted by a bank security officer from Midwest Bank who advised that an Asian male identifying himself as Lianyu LI was attempting to secure a HELOC loan from Midwest bank secured by 3421 Sandstone Court. The bank security officer further advised the same person had recently applied for and received a HELOC loan for \$262,000.00, using the name Xiangli Chen, secured by 893 Asbury.

5. USSS agents subsequently conducted a comparison of Chen's driver's license and LI's Illinois State Identification card, which were submitted as part of the Midwest Bank loan applications for these two HELOC loans, and found that they appear to be the same individual.

6. Illinois Secretary of State Police has also confirmed that they have subsequently identified LI and Chen as the same person and that LI had also applied for and received identification cards in the name of Jian Liu, Yinji Zhang, Ying Ji Sun, Jin Zhang, Xifang Zhang, Shun Zheng, and

Yinji Zhang.

7. On or about April 28, 2008, USSS agents were advised by the Midwest Bank security officer that LI was attempting to secure additional HELOC loans from other banks secured by 3421 Sandstone Court. USSS agents have since identified HELOC closings which were scheduled to occur within days of each other at Midwest Bank, Fifth Third Bank and HSBC in the greater Chicago area under the name of Lianyu Li, all to be secured by 3421 Sandstone Court. Based on an ongoing review of loan documentation, LI has not disclosed to the lenders that he has applied for other HELOC loans on the same property. Each of these HELOC loans (\$262,000 from Fifth Third Bank, \$350,000 from HSBC, and \$400,000 from Midwest Bank) appears to exceed any equity in the property at 3421 Sandstone Court. The purchase price when LI bought the property on March 29, 2008, was \$699,000, and the actual, original mortgage loan was for \$489,300, leaving at most \$209,700 in equity.

8. In addition, USSS agents have determined through a review of loan documentation that LI had already closed on several HELOC loans secured by 893 Asbury using the identity of Xiangli Chen. Specifically, USSS agents have learned that in January 2008, using the name Xiangli Chen, LI obtained HELOC loans from Fifth Third Bank (\$181,000), Bank of America (\$164,982), GMAC (\$244,000), and Midwest Bank (\$262,000) for a total amount of \$851,982, all secured by 893 Asbury. All of these HELOC loans are already in default, and the original \$172,000 mortgage loan on the property is in default as well. Based on an ongoing review of loan documentation from these HELOC loans, LI has not disclosed to the lenders that he has applied for or received other HELOC loans on the same property. The amount of these HELOC loans appears to be well in excess of the equity in the property at 893 Asbury. The purchase price when LI, using the name Chen, bought the property on December 14, 2007, was \$372,000, and the actual, original mortgage loan was for

\$172,000, leaving at most \$200,000 in equity.

9. USSS agents have also determined, based on bank records and loan documents, that LI has used altered closing statements, or HUD-1s, in applying for HELOC loans to make it appear that the properties securing the loans have more equity than they actually do. Specifically, in applying for a HELOC loan from Midwest Bank secured by 893 Asbury, LI, using the name Chen, submitted an altered HUD-1 falsely representing that the outstanding mortgage on the property was only \$72,000 when, in fact, the mortgage was \$172,000, thereby falsely inflating his equity in the home. Similarly, in applying for a HELOC loan from Midwest Bank secured by 3421 Sandstone Court, LI submitted an altered HUD-1 falsely inflating the amount of his down payment and reducing the amount of the loan to inflate the apparent equity.

SURVEILLANCE OF LI, DONG, AND KIM ON MAY 5 and 6, 2008

10. On or about May 5, 2008, USSS agents were conducting surveillance of LI when they observed him arrive at a Fifth Third Bank branch located at 265 West Virginia, Crystal Lake, IL driving a white 2008 Lexus LS 460 bearing Illinois license plate A33-3951 ("white Lexus"). LI was accompanied by two Asian male subjects, one of whom has been identified as using the name Jin Hua DONG in the course of obtaining additional HELOC loans secured by another property. Illinois Secretary of State Police has confirmed that DONG has applied for and received identification documents in the name of Renyu Cui and Zong Shu Liu. The other Asian male has since been identified as using the name Yoon Sae Kim. Illinois Secretary of State Police has confirmed that KIM has obtained multiple driver's licenses and identification documents in different names, including Huazi Li, Zhengnan Jiang, Chengguo Jin, Gen Lin and Jishan Tai. An NCIC query of the vehicle license plate revealed that it is registered to a Pak Lse Myung, 1713 South Ashland Avenue,

Park Ridge, Illinois. (As discussed below, Myung PAK has applied for and obtained multiple HELOC loans on the 1713 Ashland Avenue property in the last few months.)

11. Once at the Fifth Third Bank, surveillance observed KIM and DONG enter the bank and approach a teller window together. KIM then assisted DONG with a credit card cash advance for \$3000 from a Fifth Third Mastercard in the name of JIN HUA DONG. At the end of the transaction, KIM and DONG returned to the vehicle. A short time later, surveillance observed LI enter the bank and sign closing documents for a HELOC loan on 3421 Sandstone Court, in the amount of \$262,000 under the name Lianyu Li. LI then returned to the white Lexus and the three subjects departed.

12. After departing the Fifth Third Bank, surveillance observed LI, DONG and KIM, drive the white Lexus to a Bank of America branch located at 201 South State Street, Chicago, Illinois. On arrival at the Bank of America, surveillance observed DONG and KIM go into the bank and meet with a personal banker. Upon the subjects' departure, USSS agents entered the bank and met with a Bank of America representative. The agents determined that DONG and KIM met with a bank employee and DONG endorsed loan closing documents for a HELOC loan secured by 4066 South Lake Park. The loan amount was for \$350,000 and DONG was scheduled to receive the loan proceeds on Friday, May 9, 2008.

13. On or about May 6, 2008, USSS agents conducting surveillance observed LI, DONG and KIM arrive at a HSBC branch located at 100 Mittel Drive, Wood Dale, Illinois in the white Lexus. Surveillance observed DONG exit the vehicle and enter the bank building briefly before returning to the vehicle. DONG did not conduct any business with bank personnel, and appeared to be conducting counter-surveillance before returning to the vehicle. At that point, surveillance observed LI exit the vehicle and enter the bank alone. Surveillance observed LI close on a HELOC

loan in the amount of \$350,000 under the name Lianyu Li secured by 3421 Sandstone Court. Upon LI's return to the vehicle, the subjects were observed departing the bank parking lot in the white Lexus sedan.

14. Surveillance then observed LI, DONG and KIM driving in the white Lexus to a National City Bank branch located at 606 South Roselle Road, Schaumburg, Illinois. On arrival, DONG and KIM entered the bank. After approximately 8 minutes, DONG and KIM exited the bank, entered the Lexus and departed. USSS agents have since learned from bank management that DONG had previously applied for and signed closing documents on a \$434,900 HELOC loan from National City Bank secured by 4066 South Lake Park. DONG has not disclosed to either Bank of America or National City Bank that he has simultaneously applied for and signed closing papers for HELOC loans on the same property. Surveillance agents subsequently observed DONG and KIM enter a Fifth Third Bank branch on Woodfield Drive in Schaumburg, Illinois. While inside the bank, KIM assisted DONG in withdrawing \$9000.00 in cash from a Fifth Third checking account number 7234750367, in the name of DONG.

MYUNG PAK'S LOANS

15. During the course of the investigation, USSS agents have learned that Myung PAK (whose white Lexus sedan LI, DONG and KIM were observed driving) has applied for and obtained four HELOC loans within a thirty day period secured by 1713 South Ashland. Specifically, on or about March 24, 2008, PAK applied for a HELOC loan from National City Bank in the amount of \$220,000. On or about March 28, 2008, PAK applied for a HELOC loan from Fifth Third Bank in the amount of \$229,500, and on the same day, PAK applied for a HELOC loan from Midwest Bank in the amount of \$230,000. On or about April 9, 2008, PAK applied for a HELOC loan from HSBC Bank in the amount of \$220,000. In addition, USSS agents have learned during the course of the

investigation that PAK is currently attempting to secure another HELOC loan secured by 1713 South Ashland from Citibank in the Chicago area. Based on an ongoing review of loan documentation from some of these HELOC loans, PAK has not disclosed to the lenders that she has applied for or received other HELOC loans on the same property. The combined amount of these HELOC loans (\$889,500) appears to be well in excess of the equity in the property at 1713 South Ashland. The purchase price when PAK bought the property was \$500,000, and the original mortgage loan was for \$220,000, leaving at most \$280,000 in equity.

16. Based on an ongoing review of bank surveillance photos and interviews with bank employees, USSS agents have determined that on or about April 3, 2008, KIM, accompanied by an Asian female, purporting to be MYUNG PAK, and an unidentified Asian male, went to the Des Plaines branch of Midwest Bank to pick up a HELOC loan disbursement check secured by 1713 South Ashland. At PAK's request, the loan disbursement check was made payable to KIM in the amount of \$220,000.00. On or about April 11, 2008, PAK, KIM and the unidentified Asian male, went to an Elmwood Park branch of Midwest Bank to return the check and have it re-issued made payable to Majestic Casino of Hammond, Indiana.

CONVERTING LOAN PROCEEDS THROUGH A CASINO

17. During the course of this investigation, USSS agents have learned that LI has negotiated bank checks representing the proceeds of HELOC loans at the Horseshoe Casino in Hammond, Indiana and then received checks from the casino made payable to himself. Specifically, LI took bank checks from Midwest Bank totaling \$262,000 made payable to Xiangli Chen representing the HELOC loan proceeds secured by 893 Asbury and purchased chips at the Horseshoe casino. USSS agents have confirmed that Horseshoe Casino employees contacted representatives from Midwest Bank to confirm that the checks were valid before honoring them. LI then almost immediately

cashed in the chips for a check from Horseshoe casino made payable to Xiangli Chen for the amount of \$262,000.

ARREST OF LI, DONG AND KIM ON MAY 9, 2008

18. On May 9, 2008, USSS agents executed arrest warrants issued by United States Magistrate Judge Nan R. Nolan for the three individuals purporting to be LI, DONG and PAK. USSS agents executed the arrest warrant for LI outside an HSBC bank branch located at 100 Mittel Drive, Wood Dale, Illinois, where LI was scheduled to pick up a loan disbursement check for a HELOC loan. LI arrived at the HSBC bank branch in the white Lexus with KIM. LI was arrested by USSS agents pursuant to the arrest warrant. KIM was subsequently arrested by Illinois Secretary of State Police on state forgery and false identification charges. Inside the white Lexus, USSS agents found, among other things:

- (i) a lease agreement for the white Lexus in the name of Myung Pak;
- (ii) loan application documents for DONG's HELOC loan application with LaSalle Bank (now Bank of America);
- (iii) income tax returns for DONG;
- (iv) a credit card application to Washington Mutual Bank in the name of Doo Y. Lee, dated April 23, 2008, with an address of 2921 S. Michigan, Apt 213, Chicago, IL 60616 and the Social Security Number XXX-XX-1764;
- (v) confirmation of two credit card applications to Home Depot Credit Services in the names of Hua Shan Jin and Doo Yeon Lee, dated April 23, 2008, with an address of 2921 S. Michigan, Chicago, IL 60616; and
- (vi) a Washington Mutual check book with blank checks for checking account number 4420222244.

19. During an interview subsequent to his arrest, LI stated that his real name is Sung A. Kim, and that he purchased false identification documents in Chicago's Chinatown area, with assistance from KIM, including a false Chinese passport, social security card, utility bills and bank statements, for \$3,000.00 each. In addition, LI admitted that he fraudulently applied for loans at Fifth Third Bank, Bank of America, GMAC and Midwest Bank under the alias Xiangli Chen, and that he was accompanied by KIM and DONG when applying for additional fraudulent loans at Fifth Third Bank and HSBC under the alias Lianyu Li.

20. Based on an ongoing review of bank surveillance video, on or about October 19, 2007, KIM entered the Buffalo Grove branch of Washington Mutual Bank located at 175 McHenry Rd., and opened a Washington Mutual credit card account (Account Number 5497453658277504), a checking account (Account Number 44101515244), and a savings account (Account number 33406180247), all under the alias, Hua Shan Jin with SSN XXX-XX--3141, with an address of 2921 South Michigan Avenue, Apt., 213, Chicago, ILL 60616.

21. Also on May 9, 2008, USSS agents executed arrest warrants for two other individuals purporting to be Jin Hua Dong ("DONG") and Myung Pak ("PAK") at DONG's residence located at 4066 South Lake Park Avenue. During the arrest, DONG provided written and verbal consent for USSS agents to search his residence. DONG also identified the one woman inside the house, who has since been identified as CAO, as Myung Pak. USSS agents conducting a search of the house found, among other things, loan documents from multiple banks for multiple properties, identification documents and photocopies of identification documents for multiple aliases, and handwritten notes recording various bank loans applied for and/or received. Agents conducting a search of the house and of CAO, who was under arrest, also found several Illinois driver's licenses and identification cards in the name of Doo Yeon Lee, Haiyue Li, Yan Zhu and Ying Yu Cao with

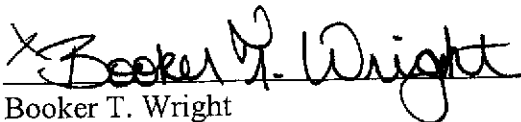
various addresses, including 1713 S. Ashland Avenue, Park Ridge, Illinois; 2921 S. Michigan, Chicago, Illinois; and 1906 W. 34th Place, Chicago, Illinois.

CONCLUSION

22. Based on documents obtained during the course of the investigation and information provided by bank representatives, each of the financial institutions that LI, DONG, PAK, and KIM have applied to and/or received HELOC loans and cash advances from are federally insured financial institutions. Specially, Midwest Bank, Fifth Third Bank, Bank of America, HSBC, National City Bank and Citibank are all federally insured and/or chartered financial institutions for purposes of Title 18, United States Code, Section 1344.

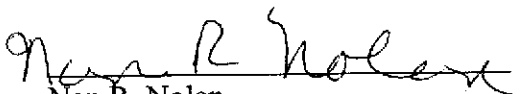
23. Based on these facts, there is probable cause to believe LI, DONG, PAK and KIM are knowingly participating together in a scheme to defraud financial institutions, in violation of Title 18, United States Code, Section 1344.

FURTHER AFFIANT SAYETH NOT



Booker T. Wright
Special Agent
United States Secret Service

Subscribed and sworn before me
this 14th day of May 2008.



Nan R. Nolan
United States Magistrate Judge